PJSC Rostelecom and its subsidiaries (the "Group")

Unaudited management interim condensed consolidated financial statements

for the nine-month period ended 30 September 2018 prepared in accordance with the Group's accounting policy based on International Financial Reporting Standards

Interim condensed consolidated statement of financial position

(In millions of Russian roubles unless otherwise stated)

Non-current assets		30 September 2018 (unaudited)	31 December 2017 (audited)*
Property, plant and equipment 361,303 348,430 Investment properties 150 159 Goodwill and other intrangible assets 61,188 59,820 Right of use assets 20,005 7,619 8,352 Trade and other accounts receivable 70,212 65,878 Other financial assets 1,767 1,600 Other financial assets 6,008 4,382 Deferred tax assets 970 64 Contract assets 970 6 Contract costs 11,955 - Total non-current assets 11,955 - Inventories 7,114 6,169 Contract costs 12,911 - Trade and other accounts receivable 50,799 47,813 Prepaid income tax 1,169 15,963 Other current assets 6,622 5,963 Other current assets 3,566 3,315 Held for sale assets 6,022 5,963 Other current assets 91,646 70,990 Total acurrent ass	Assets	(diladdica)	(addited)
Investment properties	Non-current assets		
Goodwill and other intangible assets 6,188 59,820 Right of use assets 2,005 5-17 Investments in associates and joint ventures 76,19 8,352 Investments in associates and joint ventures 10,221 68,375 Other financial assets 6,009 4,352 Other non-current assets 909 64 Contract costs 11,955 - Contract costs 11,955 - Total non-current assets 83,23 89,23 Inventories 7,114 6,169 Contract assets 12,911 - Inventories 7,114 6,169 Contract assets 12,911 - Inventories 7,114 6,169 Contract assets 12,911 - Trade and other accounts receivable 50,799 47,813 Prepayments 5,108 3,455 Other current assets 6,222 5,963 Other current assets 3,235 2,819 Cash and cash equivalents 3,586		351,303	348,430
Right of use assets			159
Trade and other accounts receivable Investments in associates and joint ventures 70,221 65,879 Other financial assets 1,797 1,600 Other non-current assets 9,008 4,352 Deferred tax assets 909 647 Contract costs 11,955 Total non-current assets 532,135 489,239 Current assets 7,114 6,169 Current assets 12,911 7,132 Current assets 12,911 6,169 Contract assets 12,911 7,132 Trade and other accounts receivable 50,799 47,813 Prepayinents 5,108 3,455 Prepaid income tax 1,169 155 Other Current assets 6,622 5,963 Other current assets 3,396 3,815 Held for sale assets 91,964 70,990 Total current assets 91,964 70,990 Total current assets 91,964 70,990 Total equity and liabilities 91 91 91			59,820
Investments in associates and joint ventures			
Other financial assets 1,797 1,600 Other non-current assets 6,008 4,352 Deferred tax assets 970 647 Contract costs 11,985 — Total non-current assets 352,135 489,239 Current assets 7,114 6,169 Current assets 7,114 6,169 Contract assets 12,911 — Trade and other accounts receivable 50,799 47,813 Prepayments 5,108 3,455 Prepayinents 6,622 5,963 Other financial assets 6,622 5,963 Other current assets 3,295 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 60,22 9,90 Total current assets 91,646 70,990 Total current assets 91,846 70,990 Total current assets 91,949 93 93 93 Additional paid-in capital 91 91 91 91 91 <			and the second s
Other non-current assets 6,008 4,352 Deferred tax assets 970 647 Contract costs 11,955 — Total non-current assets 532,135 489,239 Current assets 7,114 6,169 Inventories 7,114 6,169 Contract assets 12,911 — Trade and other accounts receivable 50,799 47,813 Tread and other accounts receivable 50,799 47,813 Prepaying in come tax 1,169 159 Other financial assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total assets 623,781 560,229 Equity and liabilities 3 99 Equity and liabilities 91 91 Equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Non-controlling			
Deferred tax assets 9770 647 Contract assets 909 — Contract costs 11,955 — Total non-current assets \$32,135 489,239 Current assets 7,114 6,169 Inventories 7,114 6,169 Contract assets 12,911 — Trade and other accounts receivable 50,799 47,813 Prepayments 5,108 3,455 Prepayince tax 1,169 159 Other current assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 623,781 560,229 Equity and liabilities 29 99 Equity attributable to equity holders of the Group 50,229 99 Share capital 91 91 91 Treasury shares (60,419) (55,56) 65,566) Retained earnings and other reserves		57.	
Contract assets 909 — Contract costs 11,955 — Total non-current assets 532,135 489,239 Current assets 7,114 6,169 Inventories 7,114 6,169 Contract assets 12,911 — Trade and other accounts receivable 50,799 47,813 Prepayments 5,108 3,455 Prepaydic income tax 1,169 159 Other financial assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 623,781 560,229 Equity and liabilities 2 2 Equity attributable to equity holders of the Group 3 9 9 Share capital 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9			
Contract costs 11,955 489,239 Courrent assets 532,135 489,239 Inventories 7,114 6,169 Contract assets 12,911 — Trade and other accounts receivable 50,799 4,813 Prepayments 5,108 3,455 Prepayinctis 6,622 5,963 Other current assets 6,622 5,963 Other current assets 3,295 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 91,646 70,990 Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities 91 91 Equity and liabilities 93 93 Equity and liabilities 93 93 Equity and liabilities 91 (60,419) (65,556) Share capital 93 93 93 Additional paid-in capital 91 (60,419) (65,556) Retained earnings and other			047
Total non-current assets 489,239 Current assets 7,114 6,169 Inventories 7,114 6,169 Contract assets 12,911 — Trade and other accounts receivable 50,799 47,813 Prepayments 5,108 3,455 Prepaid income tax 1,169 159 Other financial assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total assets 91,646 70,990 Total assets 91,646 70,990 Total assets 91,646 70,990 Total assets 60,419 (65,556) Equity and liabilities 9 9 Equity and liabilities 9 9 Equity and liabilities 9 9 Scale and capital 93 9 Additional paid-in capital 93 9 Fequity attributable to equity holders of the			_
Inventories	Total non-current assets		489,239
Contract assets 12,911 1 Trade and other accounts receivable 50,799 47,813 Prepayments 5,108 3,455 Prepaid income tax 1,169 159 Other financial assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 10,02 997 Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities 8 2,781 560,229 Equity attributable to equity holders of the Group 8 3 93 93 Additional paid-in capital 93 <td< td=""><td>Current assets</td><td></td><td></td></td<>	Current assets		
Trade and other accounts receivable 50,799 47,813 Prepayments 5,108 3,455 Prepayments 1,169 1,59 Other current assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 623,781 560,229 Equity and liabilities 8 1,092 997 Total assets 623,781 560,229 60,229 Equity and liabilities 93 94 94 94 91 91 91 91 91 91 91 91 91 91 91 91	Inventories	7,114	6,169
Prepayments 5,108 3,455 Prepaid income tax 1,169 159 Other financial assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities 8 50,229 Equity and liabilities 93 93 Equity and in capital 91 91 Share capital 93 93 Additional paid-in capital 91 91 Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Total equity 253,583 249,364 Non-current liabilities 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 17		12,911	_
Prepaid income tax 1,169 159 Other financial assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 623,781 560,229 Equity and liabilities Equity and liabilities Equity attributable to equity holders of the Group Share capital 93 93 Additional paid-in capital 91 91 Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 17,4575 166,660 Lease liabilities 17,588 - Employee benefits 4,227 4,733 Deferred tax liabilities 3,332 35,681 Accounts payable, provisions and accrued expense		50,799	47,813
Other financial assets 6,622 5,963 Other current assets 3,235 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities 8 623,781 560,229 Equity attributable to equity holders of the Group 8 93 93 Share capital 91 92 92 92 92 92 92 <		5,108	3,455
Other current assets 3,295 2,619 Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities 560,229 Equity and liabilities 93 93 Equity attributable to equity holders of the Group 91 91 Share capital 91 91 Additional paid-in capital 91 91 Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts pa		1,169	159
Cash and cash equivalents 3,596 3,815 Held for sale assets 1,092 997 Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities 8 560,229 Equity attributable to equity holders of the Group 93 93 Share capital 91 91 Additional paid-in capital 91 91 Treasury shares (60,419) (55,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 - Lease liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,623 2,233 Other numeri liabilities 38,990 24,712 Lease liabilities 3,471 -<			
Held for sale assets 1,092 997 Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities Equity attributable to equity holders of the Group 93 93 Additional paid-in capital 91 91 91 Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity attributable to equity holders of the Group 250,271 246,122 Non-current liabilities 3,312 3,242 Total equity 174,575 166,660 Lease liabilities 17,888 -			
Total current assets 91,646 70,990 Total assets 623,781 560,229 Equity and liabilities Equity attributable to equity holders of the Group 93 93 Share capital 91 91 91 Additional paid-in capital 91 91 91 Treasury shares (60,419) (65,556) 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 17,4,575 166,660 Lease liabilities 17,888 — Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 38,990 24,712 Lease liabilities 3,471 — Current liabilities 38,990 24,712 Lease liabilities 36,629 60,666 </td <td></td> <td></td> <td></td>			
Total assets 623,781 560,229 Equity and liabilities 560,229 Equity attributable to equity holders of the Group 93 93 Share capital 91 91 Additional paid-in capital 91 (65,556) Treasury shares (60,419) (55,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 174,575 166,660 Lease liabilities 174,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 38,990 24,712 Lease liabilities 3,471 - Loans and borrowings 38,990 24,712			
Equity and liabilities Equity attributable to equity holders of the Group 93 93 Share capital 91 91 Additional paid-in capital 91 91 Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 - Lease liabilities 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 38,990 24,712 Lease liabilities 3,471 - Loans and borrowings 38,990 24,712 Lease liabilities 3,471 -			
Equity attributable to equity holders of the Group Share capital 93 93 Additional paid-in capital 91 91 Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 34,696 6,383 Total non-current liabilities 3,471 - Lease liabilities 3,471 - Lease liabilities 3,471 - Loans and borrowings 3,890 24,712 Lease liabilities 3,471 -		623,781	560,229
Additional paid-in capital 91 91 Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities </td <td>Equity attributable to equity holders of the Group</td> <td></td> <td></td>	Equity attributable to equity holders of the Group		
Treasury shares (60,419) (65,556) Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 8 249,364 Loans and borrowings 174,575 166,660 Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 370,198 310,865			
Retained earnings and other reserves 310,506 311,494 Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 370,198 310,865			
Total equity attributable to equity holders of the Group 250,271 246,122 Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 3 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 370,198 310,865			Accessed to the control of
Non-controlling interests 3,312 3,242 Total equity 253,583 249,364 Non-current liabilities 3,312 3,242 Loans and borrowings 174,575 166,660 Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865	Sign A way I in An An Emmission and An Annual Annual International All States and Control of the		
Non-current liabilities 253,583 249,364 Non-current liabilities 174,575 166,660 Lease liabilities 17,888 – Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 3,471 – Lease liabilities 3,471 – Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865		*	
Non-current liabilities 174,575 166,660 Lease liabilities 17,888 – Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 3,471 – Lease liabilities 3,471 – Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 11,466 8,635 Total current liabilities 370,198 310,865	to the to the second or value of management and the second of the second		
Loans and borrowings 174,575 166,660 Lease liabilities 17,888 – Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 38,990 24,712 Lease liabilities 3,471 – Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865		253,363	249,304
Lease liabilities 17,888 - Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865	A W COMMAND DATA CONTROLLAR CONTROL	174 575	166 660
Employee benefits 4,227 4,733 Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865		Control to a control to the control	100,000
Deferred tax liabilities 38,332 35,681 Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865			4 733
Accounts payable, provisions and accrued expenses 2,823 2,233 Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865			
Other non-current liabilities 14,696 6,383 Total non-current liabilities 252,541 215,690 Current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865			
Total non-current liabilities 252,541 215,690 Current liabilities 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865	0.0		
Loans and borrowings 38,990 24,712 Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865	Total non-current liabilities	252,541	
Lease liabilities 3,471 - Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865			
Accounts payable, provisions and accrued expenses 63,629 60,666 Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865			24,712
Income tax payable 101 1,162 Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865			
Other current liabilities 11,466 8,635 Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865		1.0	
Total current liabilities 117,657 95,175 Total liabilities 370,198 310,865	AND AND DESCRIPTION OF THE PROPERTY OF THE PRO		
Total liabilities 370,198 310,865			
Total equity and liabilities 623,781 560,229			310,865
	Total equity and liabilities	623,781	560,229

The Group initially adopted IFRS 15 and IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. The Group applied IFRS 9 from 1 January 2018 and has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9.

These interim condensed consolidated financial statements were approved by management of PJSC Rostelecom on 30 October 2018 and were signed on its behalf by:

President

Oseevskiy M.E.

CFO Senior Vice President

Anokhin S.M.

Interim condensed consolidated statement of profit or loss and other comprehensive income

(In millions of Russian roubles unless otherwise stated)

Nine-month period
ended 30 September
(unaudited)

	(unaudited)			
	2018	2017*		
Revenue	232,982	221,216		
Operating expenses				
Wages, salaries, other benefits and payroll taxes	(71,230)	(68,453)		
Depreciation, amortization and impairment losses	(43,616)	(41,184)		
Interconnection charges	(42,467)	(37,993)		
Materials, utilities, repairs and maintenance	(18,405)	(17,660)		
Gain on disposal of property, plant and equipment and intangible	(, ,	(, ,		
assets	2,341	1,481		
Impairment loss of financial assets measured at amortized cost	(3,402)	(2,618)		
Other operating income	10,615	9,588		
Other operating expenses	(39,185)	(35,804)		
Total operating expenses, net	(205,349)	(192,643)		
Operating profit	27,633	28,573		
- Proceeding process	,,,,,,			
Gain/(loss) from associates and joint ventures	722	(2,399)		
Finance costs	(12,800)	(13,535)		
Other investing and financial gain, net	1,411	1,074		
Foreign exchange (loss)/gain, net	(325)	(4)		
Profit before income tax	16,641	13,709		
Income tax expense	(3,980)	(3,828)		
Profit for the period	12,661	9,881		
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations, net of tax	282	(67)		
Other comprehensive income/(loss) for the period, net of tax	282	(67)		
Total comprehensive income for the period	12,943	9,814		
Profit attributable to:				
Equity holders of the Group	12,368	9,517		
Non-controlling interests	293	364		
Non-controlling interests	293	304		
Total comprehensive income attributable to:				
Equity holders of the Group	12,669	9,446		
Non-controlling interests	274	368		
Earnings per share attributable to equity holders of the Group –				
basic (in roubles)	5.46	4.23		
Earnings per share attributable to equity holders of the Group –	0.10	20		
diluted (in roubles)	5.36	4.19		

^{*} The Group initially adopted IFRS 15 and IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. The Group applied IFRS 9 from 1 January 2018 and has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9.

Interim condensed consolidated statement of cash flows

(In millions of Russian roubles unless otherwise stated)

	Nine-month ended 30 Se (unaudi	ptember
	2018	2017
Cash flows from operating activities Profit before tax	16,641	13,709
Adjustments to reconcile profit before tax to cash generated from operations		
Depreciation, amortization and impairment losses Gain on disposal of property, plant and equipment and intangible	43,616	41,184
assets	(2,341)	(1,481)
Impairment loss of financial assets measured at amortized cost	3,402	2,618
(Gain)/loss from associates and joint ventures	(722)	2,399
Finance costs excluding finance costs on pension and other		
long-term social liabilities	12,704	13,441
Other investing and financial gain, net	(1,411)	(1,074)
Foreign exchange loss/(gain), net	325	4 204
Share-based motivation program	2,645	1,381
Changes in net working capital		
Increase in accounts receivable and contract assets	(19,933)	(12,231)
(Decrease) in employee benefits	(507)	(169)
(Increase) in inventories	(932)	(345)
Increase/(decrease) in accounts payable, provisions and accrued	7.070	(444)
expenses	7,070	(441)
(Decrease)/increase in other assets Decrease in other liabilities	(4,458)	(1,689) (501)
Cash generated from operations	(632) 55,467	(591) 56,716
Cash generated from operations	55,407	30,710
Interest paid	(13,448)	(13,700)
Income tax refund	_	1,771
Income tax paid	(3,786)	(1,975)
Net cash from operating activities	38,233	42,812
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets Proceeds from sale of property, plant and equipment and intangible	(45,892)	(42,290)
assets	3,906	2,580
Acquisition of financial assets	(5,283)	(9,575)
Proceeds from disposals of financial assets	4,353	5,423
Interest received	441	491
Subsidy from Government	10	_
Dividends received	48	6
Purchase of subsidiaries and business, net of cash acquired Proceeds from disposal of subsidiaries, net of cash disposed	(2,020) 80	(64) 347
Acquisition of equity accounted investees	(3,582)	(30)
Net cash used in investing activities	(47,939)	(43,112)
	(-11,000)	(10,112)

Interim condensed consolidated statement of cash flows (continued)

Nine-month period
ended 30 September
(unaudited)

(unauu	itcuj
2018	2017
_	1
_	(981)
439,539	415,828
(414,848)	(391,919)
10,000	10,000
(11,209)	(20,418)
(13)	(7)
(1)	(5)
_	(209)
(2,227)	(89)
_	(2,255)
(11,547)	(12,195)
(208)	(183)
9,486	(2,432)
1	(182)
(219)	(2,914)
3,815	4,257
3,596	1,343
	2018 439,539 (414,848) 10,000 (11,209) (13) (1) (2,227) (11,547) (208) 9,486 1 (219) 3,815

Interim condensed consolidated statement of changes in equity

(In millions of Russian roubles unless otherwise stated)

	Share capital	Additional paid-in capital	Unrealized loss on available- for-sale investments	Translation of foreign operations	Treasury shares	Other capital reserves	Remeasure- ments of defined benefit pension plans	Retained earnings	Total equity attributable to share-holders of the Group	Non- controlling interests	Total equity
Balances at 1 January 2018 Effect of application IFRS 9, 15, 16	93 -	91 _	(10) -	806 —	(65,556) —	2,710 _	6,286 —	301,702 392	246,122 392	3,242 -	249,364 392
Balances at 1 January 2018, amended on effect of application IFRS 9, 15, 16	93	91	(10)	806	(65,556)	2,710	6,286	302,094	246,514	3,242	249,756
Profit for the period (unaudited)	_	_	_	_	_		_	12,368	12,368	293	12,661
Exchange differences on translating foreign operations (unaudited)	_	_	_	301	_	_	_	_	301	(19)	282
Total other comprehensive income/(loss), net of tax (unaudited)	_	_	_	301	_	_	_	_	301	(19)	282
Total comprehensive income for the period (unaudited)	_	_		301	_	_		12,368	12,669	274	12,943
Transactions with shareholders, recorded directly in equity (unaudited) Dividends to shareholders of the											
Company Dividends to snareholders of the	_	_	_	-	_	_	_	(11,547)	(11,547)	_	(11,547)
shareholders of subsidiaries Non-controlling interests in	_	_	_	_	_	_	_	_	-	(208)	(208)
acquired subsidiaries Employee benefits within share	_	_	_	-	_	_	_	_	_	4	4
based employee motivation program Other change in equity	<u>-</u>	- -	- -	- -	5,137 -	(123) –	<u>-</u>	(2,369) (10)	2,645 (10)	- -	2,645 (10)
Total transactions with shareholders (unaudited)	_	_	_	_	5,137	(123)	_	(13,926)	(8,912)	(204)	(9,116)
Balances at 30 September 2018 (unaudited)	93	91	(10)	1,107	(60,419)	2,587	6,286	300,536	250,271	3,312	253,583

PJSC Rostelecom

Interim condensed consolidated statement of changes in equity (continued)

	Share capital	Additional paid-in capital	Unrealized loss on available- for-sale investments	Translation of foreign operations	Treasury shares	Other capital reserves	Remeasure- ments of defined benefit pension plans	Retained earnings	Total equity attributable to share- holders of the Group	Non- controlling interests	Total equity
Balances at 1 January 2017	93	90	(10)	922	(67,034)	2,020	5,850	302,385	244,316	4,317	248,633
Profit for the period (unaudited)	_			_	_	_	_	9,517	9,517	364	9,881
Exchange differences on translating foreign operations (unaudited)	_	_	_	(71)	_	_	_	_	(71)	4	(67)
Total other comprehensive (loss)/income, net of tax (unaudited) Total comprehensive				(71)					(71)	4	(67)
(loss)/income for the period (unaudited)	_	_	_	(71)	_	_	_	9,517	9,446	368	9,814
Transactions with shareholders, recorded directly in equity (unaudited) Dividends to shareholders of Combined entity								(12,195)	(12,195)		(12,195)
Dividends to non-controlling		_	_	_	_		_	(12,190)	(12,133)		
shareholders of subsidiaries Acquisition of treasury shares	_	_	_ _	_	(981)	_	_	_	– (981)	(183) –	(183) (981)
Sale of treasury shares Acquisition of non-controlling	_	_	_	_	ì 1	_	_	_	` 1´	_	` 1
interest Disposal of non-controlling interest Employee benefits within share-		_ _		_ _	_ _	_ _	_ _	(995) (11)	(995) (11)	(1,260) 11	(2,255) –
based employee motivation program Other change in equity	_ _	_ 	- -	- -	2,458 —	(233) 6	- -	(844) (139)	1,381 (133)	- -	1,381 (133)
Total transactions with shareholders (unaudited)				<u> </u>	1,478	(227)	<u> </u>	(14,184)	(12,933)	(1,432)	(14,365)
Balances at 30 September 2017 (unaudited)	93	90	(10)	851	(65,556)	1,793	5,850	297,718	240,829	3,253	244,082